

§ 203.47

30 CFR Ch. II (7–1–09 Edition)

(1) Occurring on and after the day you file the information under § 204.47(b),

(2) From, or allocated under an MMS-approved unit agreement to, the lease on which the certified unsuccessful well was drilled, without regard to the drilling depth of the well producing the gas or oil.

(b) If you have a royalty suspension volume for the lease under § 203.41, you must use the royalty suspension volumes for gas produced from qualified wells on the lease before using royalty suspension supplements for gas produced from qualified wells.

Example to paragraph (b): You have two shallow oil wells on your lease. Then you drill a certified unsuccessful well and earn a royalty suspension supplement of 5 BCFE. Thereafter, you begin production from an original well that is a qualified well that earns a royalty suspension volume of 15 BCF. You use only 2 BCFE of the royalty suspension supplement before the oil wells deplete. You must use up the 15 BCF of royalty suspension volume before you use the remaining 3 BCFE of the royalty suspension supplement for gas produced from the qualified well.

(c) If you have no current production on which to apply the RSS allowed under § 203.45, your RSS applies to the earliest subsequent production of gas and oil from, or allocated under an MMS-approved unit agreement to, your lease.

(d) Unused royalty suspension supplements transfer to a successor lessee and expire with the lease.

(e) You may not apply the RSS allowed under § 203.45 to production from any other lease, except for production allocated to your lease from an MMS-approved unit agreement. If your certified unsuccessful well is on a lease subject to an MMS-approved unit agreement, the lessees of other leases in the unit may not apply any portion of the RSS for your lease to production from the other leases in the unit.

(f) You must begin or resume paying royalties when cumulative gas and oil production from, or allocated under an MMS-approved unit agreement to, your lease (excluding any gas produced from qualified wells subject to a royalty suspension volume allowed under § 203.41) reaches the applicable royalty suspension supplement. For the month in

which the cumulative production reaches this royalty suspension supplement, you owe royalties on the portion of gas or oil production that exceeds the amount of the royalty suspension supplement remaining at the beginning of that month.

[69 FR 3510, Jan. 26, 2004. Redesignated and amended at 73 FR 69512, 69514, Nov. 18, 2008]

§ 203.47 What administrative steps do I take to obtain and use the royalty suspension supplement?

(a) Before you start drilling a well on your lease targeted to a reservoir at least 18,000 feet TVD SS, you must notify, in writing, the MMS Regional Supervisor for Production and Development of your intent to begin drilling operations and the depth of the target.

(b) After drilling the well, you must provide the MMS Regional Supervisor for Production and Development within 60 days after reaching the total depth in your well:

(1) Information that allows MMS to confirm that you drilled a certified unsuccessful well as defined under § 203.0, including:

(i) Well log data, if your original well or sidetrack does not meet the producibility requirements of 30 CFR part 250, subpart A; or

(ii) Well log, well test, seismic, and economic data, if your well does meet the producibility requirements of 30 CFR part 250, subpart A; and

(2) Information that allows MMS to confirm the size of the royalty suspension supplement for a sidetrack, including sidetrack measured depth and supporting documentation.

(c) If you commenced drilling a well that otherwise meets the criteria for a certified unsuccessful well on a lease located entirely in more than 200 meters and entirely less than 400 meters of water on or after May 18, 2007, and finished it before December 18, 2008, you must provide the information in paragraph (b) of this section no later than February 17, 2009.

[69 FR 3510, Jan. 26, 2004, as amended at 69 FR 24054, Apr. 30, 2004. Redesignated and amended at 69512, 69514, Nov. 18, 2008]